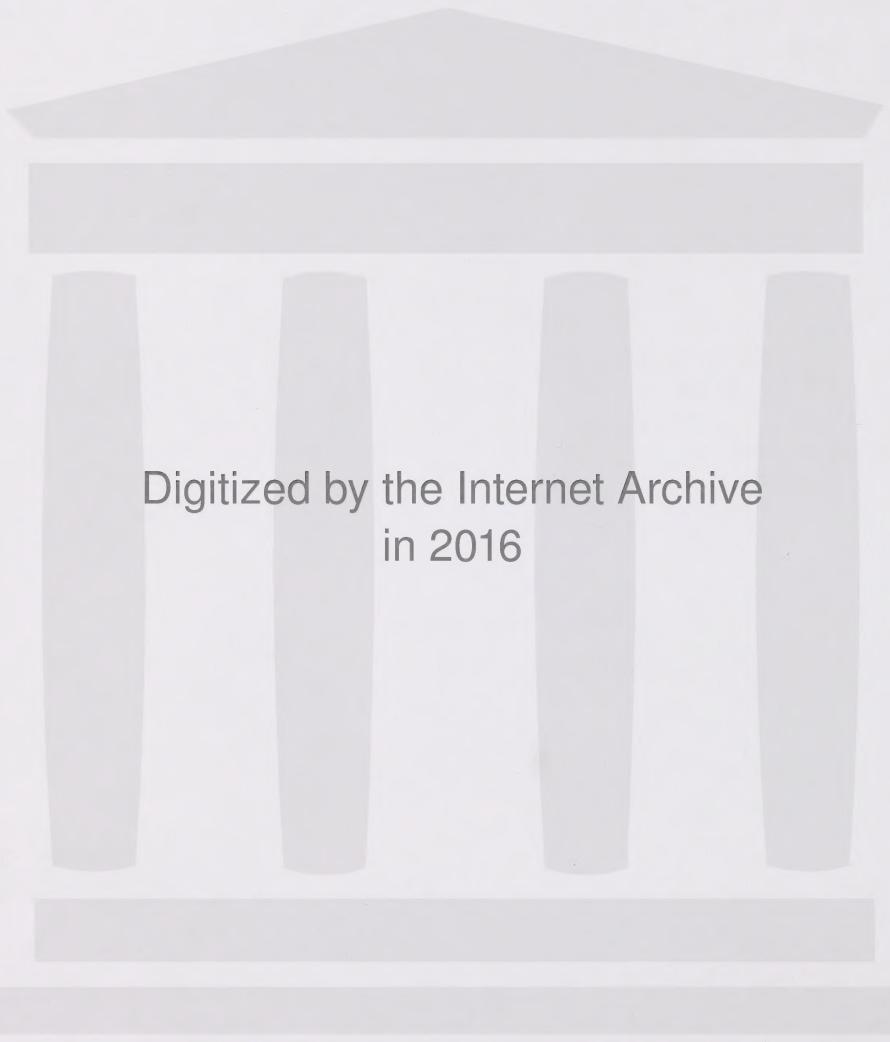


Village of Willingdon Dissolution Study

June 2004





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VILLAGE OF WILLINGDON DISSOLUTION STUDY

Introduction

Section 130 of the Municipal Government Act (MGA) requires that a dissolution study be done if the Minister receives a request for a study from a municipal council. In September 2003, the Minister of Municipal Affairs (Minister) received a request from the Village of Willingdon council asking for a dissolution study.

What is dissolution?

Dissolution is the legal process of dissolving one municipal corporation and joining it with another municipal corporation.

The Village of Willingdon (village) is a municipal corporation providing local governance and municipal services to the residents. If the village dissolves, it would join with the municipal corporation of the County of Two Hills (county). The county would then provide local governance and municipal services to the residents of the village.

What is a dissolution study?

A dissolution study is a written report that in part:

- describes the current situation in the village;
- describes current information on municipal services in the village and what changes may occur if the village joins the county; and
- provides a comparison of village and county taxes for 2003.

Information for the study is gathered from the:

- village council and administration;
- county council and administration; and
- public and ministry records.

Please note: A dissolution study is not an audit or an inquiry into the operation of the municipality.

What happens when the study is completed?

Residents receive the following:

- a copy of the study;
- notice of the date, time and location of a public meeting when Municipal Affairs will present the study and answer residents' questions; and
- notice of "Vote on a Bylaw or Question" giving the time, date and location of the vote on the question of dissolution.

The current situation in Willingdon

Village population

The village's current population is 287, which is a decrease (from 309) of 7 percent since 1999.

Recreation and community services

Willingdon has a recreation centre, which is owned and operated by the Willingdon and District Recreation Board. The recreation centre includes the community hall and the curling rink.

The Willingdon and District Agricultural Society owns and operates the local arena.

There is also a senior citizens drop-in centre in Willingdon. This centre is owned and operated by the Willingdon Senior Citizens Association.

Village property tax assessment base

The value of the village's property assessment base (residential and non-residential) declined by approximately \$850,000, or 12 percent, between 1999 and 2003.

Residential assessment increased by approximately \$900,000, or 25 percent, and non-residential decreased by \$1.75 million, or 54 percent, between 1999 and 2003.

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The increase in residential assessment is due primarily to changes to the market value assessment of existing properties.

The decrease in non-residential assessment is due to the de-licensing and removal of grain elevators.

The loss of non-residential assessment contributed to a significant shift in the ratio of residential to non-residential assessment. In 1999, non-residential property assessment paid 48 percent of the municipal property tax levy and residential property assessment paid 52 percent. By 2003, residential property assessment contributed 75 percent while non-residential property assessment had declined to 25 percent of the municipal property tax levy.

This means that the residential property assessment has been paying an increasingly larger portion of the municipal property tax levy since 1999. This does not mean that non-residential is not picking up its share of the property tax levy, just that there are fewer non-residential properties contributing to the overall property tax assessment base. The situation was due primarily to a loss of non-residential property assessment and was not within the village's control.

Village municipal property tax levy

The municipal property tax levy is the net amount of money required from the property assessment base to support the village's operations and does not include requisitions for education or the seniors foundation. Between 1999 and 2003, the municipal property tax levy remained relatively stable at approximately \$169,000.

Village finances

As of December 31, 2003, the village had financial assets totalling \$166,616 and liabilities, including long-term debt, in the amount of \$43,932. In 2003, the village's operating expenditures exceeded its operating revenue by \$65,379. Some of the village's unbudgeted expenditures included road construction and a playground project that were more costly than estimated, and the need to replace the roof on the village shop. The village used reserve funds to offset some of this deficit.

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Services and community issues	Current situation in the village	What residents can expect if the village joins the county
Council representation	<p>The village has a three-member council that is elected at large. This means that individual councillors represent all the village residents and not the residents of a particular area. The village council appoints the mayor at its annual organizational meeting.</p> <p>The first duty of village councillors prescribed in section 153 of the Municipal Government Act is:</p> <p style="padding-left: 40px;"><i>To consider the welfare and interests of the municipality as a whole and to bring to council's attention anything that would promote the welfare or interests of the municipality.</i></p>	<p>The county has a five-member council that is elected by electoral division. This means that individual councillors represent county residents within their specific electoral division. The county council appoints the reeve at its annual organizational meeting.</p> <p>For the purposes of the 2004 municipal election, Willingdon would be a part of Division 4, and would be represented by the councillor for Division 4. The population in Division 4 is approximately 500.</p> <p>The county advises that the electoral division boundaries would need to be changed in time for the municipal election in 2007.</p> <p>The first duty of county councillors prescribed in section 153 of the Municipal Government Act is:</p> <p style="padding-left: 40px;"><i>To consider the welfare and interests of the municipality as a whole and to bring to council's attention anything that would promote the welfare or interests of the municipality.</i></p>
Council meetings	Regular council meetings are held on the fourth Monday of every month at the village office.	<p>Regular council meetings are held the second Tuesday of every month.</p> <p>Council meets with department heads the first Thursday of every month. Both meetings are held at the county office in Two Hills.</p>
Village employees	The village has three staff members. The chief administrative officer (CAO) and the maintenance man are both full-time. The water treatment plant operator works part-time.	<p>At the time of dissolution, or after a three-month transition period, village employees would receive a severance package. The provincial government contributes to the cost.</p> <p>The county would conduct a full analysis of the needs of Willingdon and may offer part-time positions to existing village staff in order to provide service to residents.</p>

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Services and community issues	Current situation in the village	What residents can expect if the village joins the county
Village office	<p>The village office is open from Monday to Thursday from 8:30 a.m. to 4:30 p.m. and on Fridays from 8:30 a.m. to noon.</p> <p>The village office is connected to the village fire hall.</p>	<p>The county would keep the municipal office open during the three-month transition period. The county would examine whether or not a regional office is necessary in Willingdon.</p> <p>If the county decides to close the office, the space would be made available to the fire department or another community group.</p>
Information	<p>Village residents can contact the village office to get information during normal business hours. The residents can also contact a councillor.</p>	<p>County residents can contact the county office in Two Hills during regular business hours. The county office is open Monday to Friday from 8:30 a.m. to noon and 12:30 p.m. to 4:30 p.m. Residents may also contact a councillor for information.</p> <p>If the village dissolves, the county would provide Willingdon residents with an information package about county services, contact names and emergency numbers.</p>
Payment of tax and utility bills	<p>Tax and utility bills can be paid in person at the village office, at the treasury branch, or by mail.</p>	<p>Tax and utility bills can be paid in person at the county office or by mail.</p> <p>The county also permits monthly payments with post-dated cheques or direct debit.</p>
Tax due dates and penalties	<p>Taxes are due on or before August 31. An eight percent penalty is applied on September 1. An additional ten percent penalty is applied on January 1 of the following year on any unpaid balance.</p>	<p>Taxes are due on or before October 31. A five percent penalty is applied on November 1. An additional five percent penalty is applied on January 1 of the following year on any unpaid balance.</p>
Village assets and liabilities	<p>The village has cash and other assets including land, buildings, equipment, and supplies.</p> <p>Liabilities include such things as debt, accounts payable and any other outstanding claims against the village.</p>	<p>Willingdon's assets and liabilities would transfer to the county at the time of dissolution. The county could dispose of assets it did not require.</p> <p>The Order in Council dissolving the village would contain a provision that the county must place surplus cash (assets minus liabilities) in a separate reserve. The county must use those funds to benefit Willingdon.</p>

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Services and community issues	Current situation in the village	What residents can expect if the village joins the county
Village debt	<p>The village's long-term debt includes:</p> <ul style="list-style-type: none"> • a \$63,000 debenture taken in 1987 and due to be paid out in 2007; and • a \$109,000 debenture taken in 1980 and due to be paid out in 2005. <p>According to Alberta Capital Finance Authority, in 2003 the principal payment on the village debt was \$14,688. This was paid out of general revenue.</p> <p>Payments on any new long-term debt would come from one or a combination of:</p> <ul style="list-style-type: none"> • user fees/utility rates; • a special tax on all properties; • frontage tax on specific properties; or • reserves. 	<p>Willingdon's debt is a liability and would transfer to the county at the time of dissolution.</p> <p>Payments on any new long-term debt would come from one or a combination of:</p> <ul style="list-style-type: none"> • user fees/utility rates; • a special tax on all properties; • frontage tax on specific properties; or • the special reserve noted above or other reserves. <p>The county would levy a special tax rate to cover the principal payment on the existing debt. Using the village's 2003 assessment, this would require a special tax rate of 2.4430.</p>
Grants	<p>The village is eligible for various grants such as the:</p> <ul style="list-style-type: none"> • Municipal Sponsorship Program; • Regional Partnership Initiative; • Streets Improvement Program; and • Alberta Municipal Water/Wastewater Partnership. <p>The village council applies for grants based on village priorities.</p>	<p>The county is eligible for various grants such as the:</p> <ul style="list-style-type: none"> • Municipal Sponsorship Program; • Regional Partnership Initiative; • Streets Improvement Program; and • Alberta Municipal Water/Wastewater Partnership. <p>The county council applies for grants based on county priorities. Grants for Willingdon have to be considered along with the needs of the rest of the county. Willingdon's priorities may not always be county priorities.</p>
Police	The RCMP detachments in Two Hills and Andrew provide police services to the village.	The RCMP detachments in Two Hills and Andrew would provide police services to Willingdon.

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Services and community issues	Current situation in the village	What residents can expect if the village joins the county
Fire	<p>The Willingdon Fire Department (WFD) is a fully volunteer service.</p> <p>The village provides funding for the WFD through general revenue. The county contributes money towards equipment and vehicles, in addition to owning two of the three vehicles used by the WFD.</p> <p>A mutual aid agreement is in place between the WFD and fire departments in all of the municipalities within the county. The village covers the cost of responding to fires within the village, while the county covers the cost of responding to fires within the county.</p>	<p>There would be no change to the service or funding levels to the volunteer fire department if Willingdon became part of the county.</p>
Ambulance	<p>The village is a member of the Prairie Emergency Medical Systems Inc. (PEMS).</p> <p>The PEMS requisitions funds from members on an annual basis. The 2003 requisition for the village was \$21 per capita.</p>	<p>The county is a member of the PEMS. The level of service would not change.</p> <p>The county levies a separate tax rate of 0.1874 mills to fund the annual requisition. Willingdon residents would also pay this cost. This is reflected in the tax charts in appendices 1, 2, and 3 at the end of this study.</p>
911 service	<p>A 911 dispatch service is provided by Strathcona County's Emergency Services Communication Centre. The cost of this service is added to the phone bills of residents in the service area.</p>	<p>The 911 dispatch service would continue to be provided by Strathcona County's Emergency Services Communication Centre. The cost would still be added to the phone bills of residents.</p>
Disaster services	<p>The village has a disaster services plan.</p>	<p>The county has a disaster services plan and would incorporate Willingdon into its plan.</p>
Village bylaws	<p>The village has many bylaws in place to regulate and administer the village including such things as:</p> <ul style="list-style-type: none"> • weed control; • unsightly premises; and • dog control. 	<p>Existing village bylaws would still be in force in Willingdon until the county council repeals or amends them.</p>

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Services and community issues	Current situation in the village	What residents can expect if the village joins the county
Bylaw enforcement	<p>The village contracts the use of a special constable from the Town of Vegreville. The special constable responds to complaints and patrols the village at least once a month.</p> <p>The cost of this service in 2003 was approximately \$1,437.</p>	<p>At this time the county does not have bylaw enforcement officers.</p> <p>The county would consider continuing to contract the services of the special constable from Vegreville in order to provide bylaw enforcement in Willingdon.</p>
Road maintenance	<p>The village roadways are a mix of asphalt, oiled and gravel. The village provides general maintenance on the roadways and contracts out major repairs or construction as required.</p> <p>The village prefers to fund the non-grant portions of roadway project costs through reserves.</p> <p>The village is responsible for snow removal on roadways and in alleys in the winter.</p>	<p>If Willingdon were to dissolve, the county would review the condition of all roads and develop a plan for how to deal with them.</p> <p>The county does its own construction and maintenance on an as-needed basis.</p> <p>The county's first priority for snow removal is school bus routes. Additional priorities include main streets, other streets, and alleys.</p>
Sidewalk maintenance	<p>The village contracts out sidewalk maintenance as required. In 2003, the village completed some sidewalk projects.</p> <p>The village prefers to fund the non-grant portions of sidewalk project costs through reserves.</p> <p>In the winter, residents are responsible for removing snow and ice from sidewalks abutting their property.</p>	<p>The county schedules the repair and maintenance of sidewalks and funds them through the Streets Improvement Program.</p> <p>Residents will still be responsible for removing snow and ice from sidewalks abutting their property.</p>
Street lights	<p>ATCO Electric owns the streetlights in Willingdon. The village pays for the streetlights out of general revenue. The approximate annual cost is \$17,100.</p>	<p>Streetlights in Willingdon would continue to be owned by ATCO Electric. The county would pay for the use of the streetlights out of general revenue.</p>
Grass cutting	<p>The village provides grass cutting on village-owned property. The village also provides grass cutting on a fee-for-service basis to residents.</p>	<p>The county would continue to provide grass cutting on municipal-owned property. The county does not provide additional grass-cutting service.</p>

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Services and community issues	Current situation in the village	What residents can expect if the village joins the county
Water and sewer systems	<p>The water system includes wells, pumphouse, underground piping, fire hydrants, treated water reservoir and distribution pumps. The system was installed in 1980 and has since been upgraded. The village plans to continue upgrades to the treatment plant. Future repairs to the water system may be necessary.</p> <p>The sewer system includes lagoons, pumping stations and underground piping. The system was installed in 1978. The village owns a power sewer auger and provides this to residents on a fee-for-service basis.</p> <p>The village operates and monitors the water and sewer systems, and provides 24-hour emergency service.</p> <p>The systems are registered and operated in accordance with the licences to operate issued by Alberta Environment.</p>	<p>The county would operate the water and sewer systems using qualified operators and in accordance with the licence issued by Alberta Environment. Emergency service would be available 24 hours a day.</p> <p>The county would continue to provide the use of the power sewer auger to the residents on a fee-for-service basis.</p> <p>The county would conduct a thorough study of the condition of the water and sewer systems.</p> <p>Willingdon residents would be responsible to pay the cost of any future upgrading of the systems. Funding may come from one or a combination of the following:</p> <ul style="list-style-type: none"> • grants; • utility rates; • property tax; or • reserves.
Waste management	<p>The village is a member of the Two Hills Regional Waste Management Commission. The village is requisitioned by the commission on an annual basis.</p> <p>The village provides household garbage collection on a weekly basis. Commercial collection is available twice weekly. The cost of this service is paid out of general revenue.</p> <p>After collection, the garbage is delivered to the local transfer station. The village contributes to the maintenance of the transfer station.</p> <p>The village also owns a bin for the recycling of paper.</p>	<p>The county is a member of the commission and is requisitioned on an annual basis.</p> <p>The county charges its residents for the cost of providing weekly household garbage collection. If the village dissolves, the county will assess the cost of providing the service and establish a rate accordingly.</p> <p>The county would continue the recycling bin service.</p> <p>Residents would see an additional charge for garbage collection if Willingdon dissolves.</p>

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Services and community issues	Current situation in the village	What residents can expect if the village joins the county
Utility rates	<p>Village utility rates include water and sewer. The current water rate is \$16 a month for residential property, and \$20 a month for most commercial property.</p> <p>The current sewer rate is \$9 a month for all residential property and most commercial property.</p> <p>The village sets water and sewer rates to cover the operational costs of the system. During the past five years, the utility rates have generally covered the operating cost of the system. However, the rates do not generate sufficient revenues to cover the principal portion of the annual debt payments or the building of reserves for future repairs or replacement.</p>	<p>The county would continue to run the water and sewer utilities according to the user pay model. This means that the utility rates will reflect the operational costs of providing the service. Any surplus generated through utility rates would be placed in reserve for the future repair and replacement of the utility systems.</p> <p>The principal portion of Willingdon's existing utility debentures would be paid through the special debt levy of 2.4430 mills until the debt is repaid.</p> <p>The county would continue the practice of billing utilities every three months.</p>
Family and Community Support Services (FCSS)	The village does not provide any FCSS programming or contribute to the delivery of these programs in the community.	The county is a member of the Two Hills and District FCSS. As a result, Willingdon residents would be eligible for FCSS programs as residents of the county.
Willingdon campground	<p>The village owns and operates the local campground, which has 15 serviced sites. It is open from June until September.</p> <p>The village has a part-time seasonal employee who is responsible for the maintenance of the campground.</p>	The county would continue to provide this service on the same basis the village does now.
Willingdon Public Library	<p>A municipal library board operates the Willingdon library and owns the library building. The village council appoints the library board.</p> <p>The village provides an annual grant of \$650 to the library. In addition, the village provides additional named insurance coverage for the library. The library is invoiced for the cost of the insurance.</p>	<p>The county is a member of the Northern Lights Library System. Northern Lights is the municipal library board of record for the county.</p> <p>The county would ask Northern Lights to do an assessment of the library in Willingdon and make recommendations about what to do.</p> <p>The county is requisitioned a per capita charge of \$6.40 per year to support the library system and services.</p>

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Appendix 1

2003 tax rate comparison

2003 residential tax rate comparison

Residential tax rate	Village 2003	County 2003
General municipal	27.2900	7.1564
Education	4.6100	5.3533
Seniors foundation	0.5000	0.5445
Ambulance	0.0000	0.1874
2003 tax rate	32.4000	13.2416
Add:		
Special debt levy (Willingdon)	0.0000	2.4430
2003 comparative tax rate	32.4000	15.6846

Note: County tax rates would include a special debt levy of 2.4430 mills to cover the principal portion of the annual debt payment.

Conclusion: The 2003 county residential tax rate was 52 percent lower than the village.

2003 non-residential tax rate comparison

Non-residential tax rate	Village 2003	County 2003
General municipal	30.7400	15.6050
Education	8.6600	8.0337
Seniors foundation	0.5000	0.5445
Ambulance	0.0000	0.1874
2003 tax rate	39.9000	24.3706
Add:		
Special debt levy (Willingdon)	0.0000	2.4430
2003 comparative tax rate	39.9000	26.8136

Note: County tax rates would include a special debt levy of 2.4430 mills to cover the principal portion of the annual debt payment.

Conclusion: The 2003 county non-residential tax rate was 33 percent lower than the village.

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Appendix 2

2003 estimated residential municipal cost comparison

The tables consider three actual residential properties in Willingdon. By applying the 2003 village and county tax rates and the required debt payment to these properties, residents can compare the expected total municipal cost if Willingdon remains a village with the expected total municipal cost if Willingdon joins the county. Estimates are rounded to the nearest dollar value.

2003 estimated residential tax if Willingdon remains a village

Sample properties	Assessment	2003 tax rate	Taxes	Total municipal cost
Residential 1	\$110,600	32.4000	\$3,583	\$3,583
Residential 2	\$58,700	32.4000	\$1,902	\$1,902
Residential 3	\$36,820	32.4000	\$1,193	\$1,193

2003 estimated residential tax if Willingdon joins the county

Sample properties	Assessment	2003 tax rate	Taxes	Total municipal cost
Residential 1	\$110,600	15.6846	\$1,735	\$1,735
Residential 2	\$58,700	15.6846	\$921	\$921
Residential 3	\$36,820	15.6846	\$578	\$578

2003 estimated residential municipal cost comparison summary

Sample properties	Municipal cost if Willingdon remains a	Municipal cost if Willingdon joins the	Difference \$	Percentage %
	village	county		
Residential 1	\$3,583	\$1,735	-\$1,848	-52
Residential 2	\$1,902	\$921	-\$981	-52
Residential 3	\$1,193	\$578	-\$615	-52

Note: Although the rate that Willingdon residents would pay for garbage collection in the county is not known, a typical cost for this service in other villages is between \$10 and \$20 a month.

Conclusion: Using county rates, the sample properties have 52 percent lower total municipal cost than using village rates. Municipal cost includes property taxes and annual debt servicing payments. The county figure does not include the cost of garbage collection.

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Appendix 3

2003 estimated non-residential tax comparison

The tables consider three actual non-residential properties in Willingdon. By applying the 2003 village and county tax and required debt payment rates to these properties, residents can compare the expected total municipal cost if Willingdon remains a village with the expected total municipal cost if Willingdon joins the county. Estimates are rounded to the nearest dollar value.

2003 estimated non-residential tax if Willingdon remains a village

Sample properties	Assessment	2003 tax rate	Taxes	Total municipal cost
Non-residential 1	\$104,790	39.9000	\$4,181	\$4,181
Non-residential 2	\$65,560	39.9000	\$2,616	\$2,616
Non-residential 3	\$38,330	39.9000	\$1,529	\$1,529

2003 estimated non-residential tax if Willingdon joins the county

Sample properties	Assessment	2003 tax rate	Taxes	Total municipal cost
Non-residential 1	\$104,790	26.8136	\$2,810	\$2,810
Non-residential 2	\$65,560	26.8136	\$1,758	\$1,758
Non-residential 3	\$38,330	26.8136	\$1,028	\$1,028

2003 estimated non-residential municipal cost comparison summary

Sample properties	Municipal cost if Willingdon remains a	Municipal cost if Willingdon joins the	Difference \$	Percentage %
	village	county		
Non-residential 1	\$4,181	\$2,810	-\$1,371	-33
Non-residential 2	\$2,616	\$1,758	-\$858	-33
Non-residential 3	\$1,529	\$1,028	-\$501	-33

Note: Although the rate that Willingdon businesses would pay for garbage collection in the county is not known, a typical cost for this service in other villages is between \$10 and \$20 a month.

Conclusion: Using county rates, the sample properties have 33 percent lower total municipal cost than using village rates. Municipal cost includes property taxes and annual debt servicing payments. The county figure does not include the cost of garbage collection.

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What is the next step?

Alberta Municipal Affairs will conduct a public meeting to present the dissolution study and respond to residents' questions on the study and dissolution.

A vote on the question of dissolution will be held.

Alberta Municipal Affairs will administer the vote in accordance with the Local Authorities Election Act.

Who can vote?

To be eligible to vote you must be:

- at least 18 years of age;
- a Canadian citizen;
- a resident of Alberta for the six months immediately preceding the vote; and
- a resident of the Village of Willingdon on the day of the vote.

What does it mean to be a resident of the Village of Willingdon on the day of the vote?

The Local Authorities Election Act, section 48(1), states the rules of residence:

For the purposes of this Act, the place of residence is governed by the following rules:

- a person may have only one place of residence for the purposes of this Act;*
- the residence of a person is the place where the person lives, sleeps and to which, when the person is absent, the person intends to return;*
- a person does not lose the person's residence by leaving the person's home for a temporary purpose;*
- subject to clause (e), a student who*
 - attends an educational institution within or outside Alberta,*

ii. temporarily rents accommodation for the purpose of attending an educational institution, and

iii. has family members who are resident in Alberta and with whom the student ordinarily resides when not attending an educational institution

is deemed to reside with those family members;

- if a person leaves the area with the intention of making the person's residence elsewhere, the person loses the person's residence within the area.*

What happens after the vote?

The results of the vote and the information in the study are provided to the Minister to help the Minister determine whether to recommend to the provincial Cabinet that the Village of Willingdon should dissolve and join the County of Two Hills.

What happens if the Minister recommends dissolution?

If the Minister recommends dissolution to the provincial Cabinet and it agrees, an Order in Council is passed that dissolves the village into the county. The village council and administration would then work with the county to wind up the village's affairs.

What will happen if the Minister determines that the village should not dissolve?

The village will continue to provide services to residents and the county will continue to work with the village.

Who can I contact if I need more information?

Call Terry Broome or Mark Cooper toll-free at Alberta Municipal Affairs by dialing 310-0000 and then 427-2225.

